

KEPPEL OPP'N EXH. 148

To: Jeff CHOW [KOM-LEGAL][jeff.chow@KEPPELOM.COM]; Kwok Kai Choong [KFB][kaichoong.kwok@keppelfels.com]
Cc: CHOW Yew Yuen [KOM-CEO][YewYuen.CHOW@keppelom.com]; Kenneth CHONG [KOM-LEGAL][Kenneth.CHONG@keppelom.com]; Tommy SAM[tommy.sam@keppelom.com]; 'KARINA STOFF' (KARINA.STOFF@kfelsbrasil.com.br)[KARINA.STOFF@kfelsbrasil.com.br]; TAN Leong Peng [KFE-ENGRG][leongpeng.tan@keppelfels.com]; Yan Naing MYINT [KFE-PJM][yannaing.myint@keppelfels.com]; Nora MARSUKI [KOM-LEGAL][nora.marsuki@keppelom.com]; Zwi Skornicki (zwi@eaglebr.com.br)[zwi@eaglebr.com.br]
From: WONG Ngiam Jih [KOM-CFO][O=KEPPEL GROUP/OU=EXCHANGE ADMINISTRATIVE GROUP (FYDIBOHF23SPDLT)/CN=RECIPIENTS/CN=NGIAMJIH.WONG]
Sent: Mon 2/2/2015 7:40:21 AM (UTC)
Subject: RE: SETE update: Anti-Corruption Declarations

Agree that we shld not provide letter to the lenders.

From: Jeff CHOW [KOM-LEGAL]
Sent: Monday, February 02, 2015 11:39 AM
To: Kwok Kai Choong [KFB]
Cc: CHOW Yew Yuen [KOM-CEO]; WONG Ngiam Jih [KOM-CFO]; Kenneth CHONG [KOM-LEGAL]; Tommy SAM; 'KARINA STOFF' (KARINA.STOFF@kfelsbrasil.com.br); TAN Leong Peng [KFE-ENGRG]; Yan Naing MYINT [KFE-PJM]; Nora MARSUKI [KOM-LEGAL]; Zwi Skornicki (zwi@eaglebr.com.br)
Subject: RE: SETE update: Anti-Corruption Declarations

KC: Thanks for the update. Jeff

Everyone Copied:

Just to keep everyone informed and asking for direction if other than as recommended below regarding the Anti-Corruption Declaration:

Thought we had the draft format buttoned up earlier. As last comment was in relation to the choice of law. Since the main contract was NY State law, it would reason that the letter could be governed by the same law.

A problem has come up as Sete has requested that the letters be addressed to the lenders as well. While we have no issue submitting same to Sete, as we have a contract which governs our relationship and sets out limits of liabilities.

If we address the letters to the lenders, and for any reason there is a default of such terms on anti-corruption (while I have no fears of our own actions, believe this goes down to subcontractors, etc., for which we have no control and have some possible exposure), we have no limitations set out in the letter on damages to the lenders. Also, given the US laws, we can also be subject to punitive damages (which can be astronomical, while the actual may be low, a court may impose punitive to make an example of us to others).

As such, we advise strongly against addressing same to lenders. Let Sete make the necessary representations to the lenders.

Understand that others (local shipyards in Brazil) may have provided letters but as their contracts were under Brazilian laws, they have certain protection under the law, that are not present by New York State Law.

From information, Jurong has not submitted any letter for Anti-Corruption and not sure if they will resist.

YY, NJ: Your direction is appreciated.

Thank you,
Jeff

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From: Kwok Kai Choong [KFB]

Sent: Sunday, February 01, 2015 12:24 AM

To: CHOW Yew Yuen [KOM-CEO]; TAN Leong Peng [KFE-ENGRG]; Jeff CHOW [KOM-LEGAL]; Edmund MAH [KOM-FIN]; WONG Ngiam Jih [KOM-CFO]

Cc: Tommy SAM; karina.stoff@kfelsbrasil.com.br; Marlin KHIEW [KFE-PJM]; Low Han Kiat [KFB]; LOW Tiau Tong [KFE-PROD]; Yan Naing MYINT [KFE-PJM]

Subject: SETE update

Gentlemen,

The following is the latest feedback as of this morning:

- 1) SETE has now cleared the supposedly 2 remaining outstanding points for PB's Board approval scheduled for Mon 2 Feb. They are the PB signing of the Asset Mgmt Agreement (AMA) for the 3 PB / EAS units and PB's release of the Anti Corruption declaration letter to be addressed to the lenders. SETE is confident that PB Board will now give the approval at the Board meeting on Monday 2/2.
- 2) SETE's UK lawyers, Davis Polk and Souza Cescon and lawyers from Allen and Overy and Machado Meyer representing Lenders are arriving over the weekend to start meeting with SETE and representatives from UK EXIM Bank, BNDES, and Caxias Economica on Mon 2/2 to start to organise / consolidate all the documents and various contracts to prepare for the Long Term Loan agreement signing on Fri 6/2 the 1st batch of the BNDES loan for 8 vessels (33 contracts per SPE / vessel) conditioned upon all required documentation are received by Lenders. The BNDES loans are project specific and the 8 units in the 1st batch are supposed to be 2 units Keppel, 2 units Jurong, 3 units EAS and 1 unit EEP (ODB).
- 3) SETE expect that, with the approval from PB to release the AMA and anti corruption declaration letter on 2/2, they should be able to sign the 1st batch loan agreement with BNDES on Friday 6/2.
- 4) It was informed that SETE has a separate US\$300M bridging loan agreement available with Banco do Brasil based on these 8 units and the loan can be executed once BNDES signed Long term loan agreements for a minimum of 2 PB units
- 5) SETE informed that assuming the minimum of the 2 PB units are signed with BNDES and presented to Banco do Brasil on Mon 9/2, SETE would be receiving the short term bridging loan of US\$300M on 11/2 and would then pay the Shipyards on 13/2. Understand that SETE is allocating US\$68.5M to pay Keppel for DRU 1 and 2.
- 6) The long term BNDES loans are specific project based and when approved, will pay the progress claims directly to the shipyards. 1st batch loan is for US\$4.8b comprising US\$3.1b from BNDES, US\$1.5b from Caxias Economica, and US\$0.2b from UK EXIM. Keppel's DRU 1 and 2 are included in this 1st batch loan and SETE believes disbursement would start in about 45 days from execution of the loan agreement.
- 7) Keppel's DRU 3 and 4 are in BNDES 2nd batch loan arrangement which is expected to close in end May.
- 8) Item 6 and 7 above are subject to Keppel submitting its anti corruption declaration letter addressed to the lenders. SETE has advised that chances for us to insist on addressing the declaration letter to SETE instead of the Lenders is very low as even Petrobras has to comply with the requirement. Understand EEP, and EAS have complied except Keppel and Jurong.

As for the location of operation for the first 2 DRUs, Urca and Frade, it was reported that these units will be deployed mainly at the Pre-salt fields with strong possibility to also operate in the Cessao Onerosa (Transfer of Rights) areas which includes Sépia (formerly Nordeste de Tupi), Itapu (formerly Florim), Sul de Sapinhoá (formerly Sul de Guará), Atapu (formerly Entorno de Iara), Norte de Berbigão (formerly Entorno de Iara), Sul de Berbigão (formerly Entorno de Iara), Norte de Sururu (formerly Entorno de Iara) and Sul de Sururu (formerly Entorno de Iara). Total reserve in these Cessao Onerosa fields is reported to be 5 billion bbls.

Petrobras has still not specifically defined which particular field that Urca and Frade will drill in.

The Cessao Onerosa fields are being considered for the DRUs due to the high local content requirements for these fields and the water depths here are above 2400 metres. Cessao Onerosa fields are operated only by Petrobras and there are no partners involved, making it easier and flexible for Petrobras to choose to use the DRUs and also Petrobras will need production wells for its FPSOs P74, 75, 76 and 77 which Petrobras has already previously contracted out for conversion and module integration.

With best rgds

KC

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